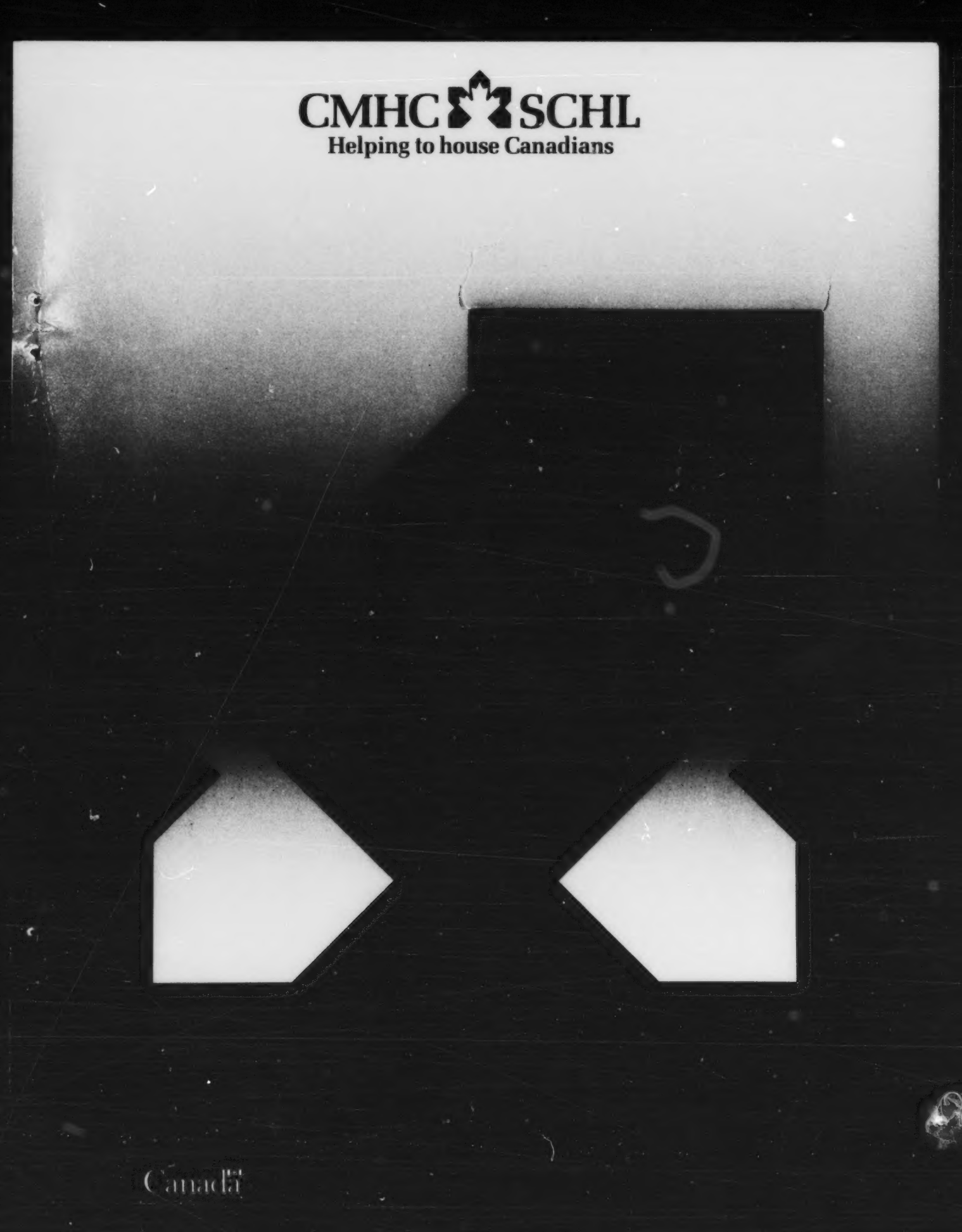
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A GUIDE TO DEVELOPING RESIDENT FUNDED HOUSING CO-OPERATIVES FOR SENIORS

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by

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"Canadian co-operators share a vision of people working together to achieve their potential, to enhance their social and economic well-being, and to produce and consume what they need through democratic institutions that root social and economic power in local and community organizations. We recognize the interdependence of people, and of organizations; and the need for effective, responsive linkages. We pursue our vision through our co-operatives -- organizations based on equity, equality, and mutual self-help."

Co-operative Future Directions Congress,

June 1982

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Preface

This preface is addressed to the men and women who are involved in the provision of housing because they recognize the important contribution it can make to the quality of life - any and everybody's life. Many of you have built housing for families exclusively and wonder what is so different about a seniors' co-op that warrants special consideration. The answer is tied up in an understanding of what happens to individual human beings and to their life circumstances when they get old.

When is a person old? From the prospective of 10 year olds, their 35 year old parents are old. At 35, young parents see their 60 year old parents as old and for them, it is their 85 year old parents who are old. The point at which the aging process takes on real significance is when we become aware of irreversible physical changes: when a fall from a chair means a broken hip that heals more slowly; when knees stop functioning properly and it is more difficult to reach things on higher shelves or bend over to locate those pots and pans tucked away back in the corner. At what age does this happen? For some as early as the 60's; for others - probably for most - into the 70's and 80's. Are you aware that the fastest growing segment of society is the 85+ group? Lots of people will live well into their 80's. If they are provided with housing that compensates for

their physical deficits (in hearing, seeing, mobility) they will be able to enjoy fuller, more satisfying and more independent lives.

The body of this manual discusses some design details. It is attention to detail that will set apart good projects from mediocre ones. Both C.M.H.C.'s Canadian Housing Information Centre and Health and Welfare Canada's National Advisory Council on Aging have published good design guides. They address the need to help seniors remain independent and part of the mainstream of society. "Aging in place" is the current phrase that deals with these objectives.

In addition to design details, there is another consideration that is tied to life events over which an aging person may have little control. I am thinking of the death of a partner or long term neighbours and the departure of adult children who are seeking new opportunities for themselves. These events may leave an older person feeling lonely, abandoned, insecure and at a loss to know where to turn to build a new support network.

A shelter solution that is sensitive to these possibilities will look at ways to build a supportive community into a housing structure. One way to approach this challenge is to offer an opportunity for future residents to meet and participate in the planning of the building. Another is to investigate health and social services in the

community and bring representatives from these agencies to explain these services and the basis of eligibility. If the project can support a Service Co-ordinator as a staff person, this may offer a crucial link for the future residents. Residents would then have someone immediately accessible who knows what help is available and how to make certain people avail themselves of it.

It is important to help people have fun - to enjoy music and social and intellectual stimulation. Can space (gathering places that legitimize coming together) be provided for this? Will the project support a jacuzzi or shallow swimming pool, for example, which is such a helpful form of exercise for sufferers of arthritis and heart disease? Such features are also a great place to socialize.

For the person who lives alone, there is always a need to strike a balance and thereby retain a sense of independence, and a need for personal security. Don't be surprised if the anxiety and guilt feelings of adult children interfere with their parents' willingness to risk. For me the dignity of the individual and the right to have wishes respected should take precedence.

A food service is likely to be a frequent request. For persons with diminishing energy, there is always the possibility that they will not eat properly - especially if meals must be prepared and eaten alone. Shopping may be more than the older person can handle. The

question arises, should one, two, or three meals be part of a 'rental' structure? If kitchen staff is brought in there must be a pre-commitment by residents to purchase the service. There will be responsibilities involved in managing supplies and staff. Some alternatives to full meal service are: have meals catered several times a week; have a restaurant in the building; use a very small staff with volunteers to prepare a daily soup and sandwich lunch.

The thing for us to remember is that we are discussing a housing project that avoids the notion of an institution. Having to hire and manage a staff that will undertake personal care is an invitation to the creation of an institutional setting. If such a setting is preferred, there should be a full awareness of the impliçations and provisions made to guarantee high quality.

However, for the purposes of this manual we are talking about self-contained apartments (or one storey townhouses) where people can live out their lives (barring catastrophic illness), projects close to good transportation opportunities, where the use of steps can be avoided. It should be housing that responds to the physical incapacities of aging. A wheelchair accessible building can be a valuable asset. The accommodation should offer a supportive community, be well-managed by people who know the meaning of loneliness, and will seek to offer opportunities to offset it.

Remember, your future residents have hundreds of years of creative experience among them. Use it to your advantage and theirs.

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I. Introduction

Resident funded co-operative housing for seniors, in which member equity replaces government assistance, provides an excellent opportunity for the co-op sector to meet the housing needs of an important and growing segment of the Canadian population. This manual draws on the experience of Columbia Housing Advisory Association which began developing seniors' equity co-ops in 1984. With the assistance of C.M.H.C. and C.H.F. this experience is now being shared in the anticipation that other resource groups will want to explore this development option.

In both broad outline and in many details the development of a resident funded co-op resembles the familiar family oriented housing co-operative. Basic principles including non-profit status, co-operative tenure, and member control remain at the foundation of the community. Variations in the resident funded co-operative approach include the need to arrange private interim financing, the amount of equity shares purchased by members, the absence of a government subsidy agreement, specific design considerations, and the relative importance of the marketing plan. In addition, the nature of a community composed of older citizens requires planning for a variety of changing needs, including perhaps the delivery of support services.

This manual assumes use by an accredited resource group with the

skills and organizational capability in all phases of co-operative or non-profit housing development. Accordingly, emphasis is placed on how to adapt the development process and to master the requirements of this new development option.

Seniors are a growing segment of the general population: by the year 2020 those over 65 will represent 20% of the total population (up from the current 11%). The older segments of the population, i.e. those over 75, are growing fastest. As a group seniors are living longer, enjoying better health, benefiting from greater financial security, and becoming more conscious of their choices. The desire to make choices, and especially to lead independent life-styles, is emerging as a characteristic of the seniors' population.

Pension income and equity in the family home permit more and more seniors to explore those housing options which meet their changing needs. The desire to spend less effort on home repairs, a greater concern about health, security, and safety, and the preference for a sustained and comfortable community life (while avoiding institutional care) are among the factors which bring many seniors to examine new ways to live.

The private market has quickly adapted to these developments by introducing adult oriented condominiums with some or a few features that appeal to this growing market. Governments and academics are

generating a wide variety of housing "models" in hopes of stimulating a wide range of choice for the senior. Equity based housing co-operatives offer many uniquely attractive features and can, if recent experience is a guide, become a strong competitor in the marketplace.

Resident funded co-operatives have considerable appeal to a portion of the seniors' market. Members are likely to be enrolled from those seniors who have accumulated considerable equity either in a home or through investments. The co-operative will be attractive because it provides the comfort and security of an adult oriented community, specialized design, recognition of health needs, moderate cost, the prospect of efficient management, and the flexibility and ease of both joining and leaving the co-operative. Successful projects will place members in a superior product at an affordable cost. They will provide a co-operative framework, giving basic control to the residents, and use that framework to meet the special needs of the residents. It goes without saying that members must comprehend the non-profit approach and its justifications. One successful project with satisfied members and a long waiting list should lead to greater ease in marketing a second and third project.

Co-operatives can meet many needs but not all. Financial ability, health status, attitudes towards democratic decision making, and aesthetic concerns about the type and size of units may exclude

some. This manual assumes that resource groups will recognize the limits of co-operatives and strive to improve the sector's ability to serve within those limits.

This manual emphasizes risk reduction and provides specific suggestions based on successful projects. Resident funded seniors' projects undeniably entail significant risks: the absence of a "government safety net", the risks taken by members who choose to invest a large part of their accumulated equity in the project, and the challenge of competition with the private sector. Resource groups must adapt their practices to minimize risks and efficiently achieve their goals.

This manual focuses on several important areas: the need for careful preparation before initiating a project, suggestions on finding financial support and on the financial structure of the co-operative, a discussion of marketing issues, and comments on variations in co-operative community development. Hopefully those who use this guidebook will adapt and extend Columbia Housing's experience and pave the way for further innovations.

II. Preparing a project proposal

General considerations

Before embarking on a project a resource group must first convince itself that the project is viable. A carefully prepared project proposal will enable the group to weigh the risks and opportunities before committing the organization's staff, funds and time to an extended development program. A resource group's own conviction and excitement will be an invaluable asset in convincing others to offer assistance.

Key elements in a project proposal include:

1. Collection of data on the local senior's market. Local is stressed because resident funded seniors' co-ops tend to attract members from a relatively small geographic area.

2. A survey of organizational and institutional bases of support.

Since the idea of a resident funded co-op is relatively new, support from credible institutions in the community can make a major difference.

3. Identification of a suitable site or sites. As in all co-operative development the search for land is a basic challenge.

4. Preparation of preliminary designs incorporating special features of importance to seniors.

5. A relatively detailed financial analysis including anticipated hard and soft costs, preliminary unit prices (values), and member equity requirements.

6. Carefully thought out plans for the timing and treatment of member equity with regard for the financial needs of the development process, mortgaging, and members' needs.

7. An outline of a marketing strategy that will fill the co-op quickly and conform to the financial requirements of the development.

8. An outline of a member development plan which encourages the growth of a strong, co-operative community and the capacity to adapt to the changing needs of members.

The results will be combined into a Project Proposal which can be reviewed, revised, and up-dated as the project takes shape.

The proposal is also a key feature in forming a core group of members and preparing agreements with developers, builders, etc.

Who is a senior?

The standard definition is, of course, a person over age 65. This may, however, be too restrictive for the project you organize and the market you wish to tap. Pre-retirement planning and early retirement schemes lead many people in the 50-65 age bracket to make decisions about their retirement housing. These people should not be

discounted in the preparation of a project.

The age profile of the residents as determined by membership qualifications will dictate design of the project and marketing activities. The resource group, after analysing demographic data, may wish to make recommendations about the age profile to be accommodated.

Factors bearing on the choice of an age group include: consideration for couples with one spouse who is younger (age qualifications may be lowered); perceptions of the members of the kind of community they wish (e.g. a mix of age brackets); consideration of ways to simply reduce the probability of applicants with children. Note: demographically it is the over-75 population which is increasing most rapidly; this group needs careful design planning to maximize independence, and may require a broad spectrum services to enable aging in place.

Demographic data

Demographic data (who lives where) may be inexpensively obtained through marketing companies and processed in a way that will help the group determine the extent of the potential seniors' market in a given area. This will, in turn, assist the resource group in assessing potential sites for a project. In the later phases of project

development the same data becomes helpful in implementing marketing efforts (e.g. mail drops, newspaper ads).

Statistics Canada data allows the group to locate concentrations of the following characteristics (and also to combine the following factors on a weighted basis of the group's choosing):

1. High geographic concentrations of seniors (in any or several age brackets). Such concentrations are important because seniors generally prefer not to re-locate very far from their current neighbourhoods. They may be looking for different living conditions (e.g. lower costs, more security), but not a different community.

There is some indication that in surburban areas the market radius is approximately five miles from the site of the co-op. (Note: a lesser number of applicants may be those moving from one region of the country to another for retirement, who are moving to be closer to children, or wish to reside closer to downtown shopping, health care, a summer cottage, etc.)

2. Home ownership in the age group. Home ownership is important because equity in a home will be a major source of equity in the new co-operative. Typically home owners sell their homes, purchase shares in the co-op and retain the remainder for lifestyle enrichment.

3. Renters with high incomes and/or paying high rents. This combination of factors attempts to target those who have already sold a

home and may wish to leave the relative insecurity of the rental market in favour of the more stable and affordable costs of a co-operative.

4. Moderate to moderately high income. The exact definition of "moderately high income" must, of course, be assessed in terms of the local situation. Affluence suggests an ability to use savings for the purchase of shares and may also point to those who are looking forward to an active retirement using a condominium or co-operative as a home base from which to travel.

Comments

a. The probable target group for a resident funded seniors' co-op, especially in large urban areas, have equity in a home and wish to find more suitable accommodation in order to provide themselves with greater security, a supportive community, or to have more disposable income. Other factors that may influence a senior to seek alternative housing include: death of a spouse, drop in income, health concerns, etc.

b. Demographic data supplies sophisticated, but very general information on the market. Such data should not be used as the exclusive basis for launching a project. Other sources of information should be used in conjunction with demographic data. Consult with experts in the real estate industry. "Hot markets" and "hot locations"

may point to a psychological proclivity by local residents to look into shelter alternatives. Successful private sector condominiums indicate market activity.

c. In a large or dense market area the group may wish to refine data to break out relatively small age groups (e.g. 75-79, 80-85), especially if the project will have extensive "aging in place" facilities like a swimming pool, catered meals, etc.

Survey of potential sponsors and supporters

Demographic and other data stake out a rough approximation of a potential market. A far more difficult task is assessing the resource group's ability to reach specific seniors who can be sold on the co-op. Start by looking into the community for potential sponsors and supporters who could provide data from membership lists, leads, contacts, land, financing, or promotional assistance.

Look first at organizations with a direct, formal connection to seniors. There are, of course, national, provincial and local seniors' organizations, often with an active interest in housing matters. There may also be smaller, special purpose organizations dealing with seniors' concerns, e.g. organized around medical issues like eye sight, hearing loss. The New Horizons program might be contacted.

Large organizations (trade unions, professions, industry, government employees associations) often sponsor or maintain an affiliated retirement associations. Local government officials are worth contacting because seniors are typically active and vocal on a wide variety of public issues, not least of which is housing. Local municipal council members may be able to suggest important contacts.

Local churches frequently have special programs for the retired, and may be an especially valuable source of support.

Community centres, recreational clubs, ethnic organizations, etc., are gathering places for seniors and thus worth contacting.

The resource group will wish to analyse these organizations by asking the following questions:

> Does the organization have an "active" or "passive" membership, i.e. do the majority of members attend meetings, events, etc. or simply receive a newsletter?
>
> Is the membership geographically concentrated or dispersed?

How are members contacted by the organization? (Newsletters, as clients, etc.)

Is there a chance that the organization might assist you in making contact with their members?

Will the organization provide advocacy for the project?

Organizations can help a project in many ways:

Act as a sounding board for your proposal and perhaps provide volunteers for a core group;

Give tangible assistance like selling a parcel of land or helping you locate your project;

Lend credibility by representing your project to the membership; assist in advertising and publicizing the project in publications;

Become the origin of a post-occupancy support system, including the setting up of on-site services.

Comments

1. Do not expect to be welcomed with open arms on the basis of a very rudimentary proposal. Seniors are a heavily exploited market and justifiably suspicious of pie-in-the-sky proposals.
Selling homesites in Florida is one of the world's oldest rackets. The resource group's reputation and a carefully prepared presentation cannot be underestimated.

2. If a supportive organization or important individual "lends" your proposal some credibility and your project fails, all three participants (the organization, the resource group, and the co-op members) have lost.

3. Supporting organizations may inflate their interest or the potential interest from their members. Usually this is entirely unintentional: the organization simply does not have a realistic picture of the housing needs and wants of the membership...at least not in the quantified form required.

4. A close tie with one organization may limit your marketing scope as potential applicants might think the co-op is only for "Italo-Canadian War veterans."

5. The resource group must be very specific about the kind of help it wants and be firm about clearly rejecting offers from members to provide carpenters, clerks of the works, etc.

Land Search

The selection and acquisition of a good site is both important and difficult - perhaps more so in the case of seniors' housing.

The prime sites, depending on the target market, may be very expensive or force the cost of the project so high that marketing becomes difficult.

The resource group will wish to explore every potential source of affordable land. Sponsoring groups may be able to help. Local municipalities should be approached both for direct access to parcels of land and with an eye towards arrangements whereby a developer is given a bonus if part of the site is used for a socially desirable housing project.

What makes for a good site? Based on discussions with seniors and drawing on the experience of Columbia Housing the following qualities have been identified:

1. A site near a demographic concentration of potential residents; 2. A site on level or nearly level ground for ease of mobility by seniors;

3. A site close to shopping. Ideally close to both a small local shopping centre and a larger shopping mall;

4. A location with access to public transit and with easy driving to major services, shopping, etc.;

5. A site in the proximity of activity centres, parks, and services of interest (health, recreation, culture) to seniors;

6. A site within easy driving distance to a medical centre or hospital.

The resource group will wish to consider potential sites from the standpoint of:

1. Suitability for the building form proposed;

2. Difficulties, especially timing, of re-zoning;

3. Relationship of the site to long term planning in the area and growth patterns of the locality;

4. Nature of competition in the market. There is, perhaps, no definitive statement about entering a busy, competitive field as opposed to a stagnant market. The group that finds an affordable site and creatively designs a good project may find that more high priced competition in the condominium market is an asset rather than a liability. Projects which stand up well under the scrutiny of "comparative shoppers" will likely face little difficulty in enrolling

members. In an open market the resource group may have to raise general public consciousness before it can successfully market to seniors. Perhaps the middle way is best: some competition bespeaking an active market, but not too much;

5. Staged development: a site which can be developed in two phases may make marketing easier, since the first success leads to a follow-up project.

Any potential site must be analysed in terms of the kind of housing which will be built. Potential applicants will look first at the size of the units, the options available, whether the parking is adequate for both members and visitors, garden space, and the view. They will be nervous about locations that are either adjacent to a source of disturbance, or very isolated.

Architect and preliminary design

Sector resource groups have learned from long experience the value of employing a top quality architect with exceptional skill in designing attractive homes to tight cost constraints. The same qualities are required in resident funded seniors' projects.

The resource group and potential residents should have a thorough discussion of design needs and the development process before commissioning the preliminary drawings. Some topics worth dis-

cussing are noted below.

The members of family oriented co-operatives are typically moving from seriously deficient rental housing to much higher quality co-operative housing. Seniors, on the other hand, may be moving from homes with a lifetime of accumulated possessions and the space to accommodate them, from homes which they know well and have improved to meet individual tastes and needs. Thus, the expectations of the seniors may be very high. The architect, as part of the development team including the resource group and the potential residents, must play a part in balancing design possibilities and preferences with cost realities. The goal is housing which, in many respects, improves the living conditions of residents by being specifically designed for seniors while remaining affordable.

Designing for seniors is still relatively new and innovations are appearing regularly. Today emphasis in being placed on both the general age-related needs of seniors and the gradual changes which will affect some members more acutely than others. Maximizing the ability of residents to "age in place" requires architectural sensitivity and foresight. Experience in "institutional" design for seniors may be a detriment if it results in an "institutional" look and feel. In any case a strategy for "aging in place" initiatives should be developed parallel to discussion of design. Current thinking gives greater stress on

services provided from the outside or brought in than to traditional institutional delivery. For example, kitchen and dining facilities adequate for serving meals delivered to the co-op. The provision of space which might be used by visiting care-givers (e.g. hairdresser).

If the architect is to work closely with the group or the core group of the co-operative, he/she must be temperamentally equipped to deal with a vast array of very specific requests, queries, and suggestions. Patience is a virtue.

Preliminary drawings play a somewhat different role in the development process of a resident funded co-op. In family oriented co-ops the initial drawings are generally aimed at meeting the requirements of government with major changes often resulting during the official approval process. In seniors' projects the preliminary drawings play an immediate marketing role, and thus every effort must be made to ensure that only necessary changes will be made to the final drawings. In short, it is much harder to go back to a seniors' group and announce the need for cutbacks. In fact, the best scenario is a plan and budget which permit improvements suggested by the members.

Design suggestions

A fairly comprehensive discussion of design elements may be found in Housing for Elderly People: Design Guidelines, (C.M.H.C. 2nd ed.,1987) and in Housing an Aging Population: Guidelines for Development, (Government of Canada. National Advisory Council on Aging, 1987). The guidelines describe ideal units; cost considerations may require the resource group to make some compromises, while generally retaining the overall intent of providing comfortable and functional living units. Safety features like bathroom grab bars, nonslip surfaces, and level thresholds have modest cost implications; lowering cabinets and raising the height of electric wall outlets should not entail additional cost.

Care should be given to include easily understandable hallways, visually orienting colour schemes, bright parking areas. Security devices should be installed. An emergency call system is recommended if it is backed by a trustworthy response centre. Community rooms should be roomy and flexible, capable of use for a variety of activities from meetings to social gatherings. A guest room (like a small hotel room) might be considered for visiting friends or relatives with children. Low maintenance design will be important to both the members and the co-op's operating budget. Wheelchair access, if not required by building code, should be provided for community spaces.

Marketing costs

Government assisted family co-ops have generally "sold themselves." The marketing budget for a resident funded seniors' co-op will, on the other hand, be substantial. "Pre-sold" units based on a definitely established market will clearly reduce overall marketing costs. At the same time, pre-selling is relatively costly in comparison to the kind of marketing associated with family co-ops. Some hints on planning marketing costs are discussed below.

A warm inviting display suite must be made ready as soon as possible. The suite should be fully furnished right down to the towels in the bathroom, a coffee maker and teapot in the kitchen, flowers and hard candy on the coffee table. Extra painting and trim should be considered. It may be worthwhile to consult with a professional interior decorator. In some instances suppliers may agree to install furnishings for free in return for a small advertising card. Do not forget to furnish patios, and do not be surprised if a member falls in love with your decorative scheme and offers to purchase the living room set.

Plan on staffing the display suite three to seven days a week, for a minimum of four hours per day over the duration of the marketing period. Again, quick and successful marketing may reduce the need

for this, but it is better to be cautious.

More than a few family co-ops have been marketed on the basis of a one page fact sheet and some unit drawings. In the private market glossy brochures and slick paper pamphlets are not uncommon. In keeping with the spirit of co-operatives, your printed material need not be unduly expensive, but it should be neat, easily read (large print) and attractively laid out. See Appendix II.

For budgeting purposes assume that only a tiny percentage of the printed material will ever be used by a serious applicant. Visitors to a display suite like to take something home, even if they have no intention of joining. Thus, it may be useful to keep inexpensive "take away" flyers at the suite for distribution to "any and all." More detailed (and expensive) material might be saved for "serious lookers." Do not forget to include the costs of preparing a prospectus.

Note that printed material may have to be revised during the course of a marketing program. Do not spend the entire printing budget on an untried, one shot production.

Also note that a sponsor or supporting organization may be willing to help the group with a mailing, but normally the costs will be carried by the co-operative.

Regular ads in local newspapers are a normal component of real estate marketing. The ads may be small and inexpensive or large,

costly display ads. If a professional is employed to prepare ads, remember that the ads have a relatively short lifespan as a marketing tool. Text and layout must be changed every few weeks.

Extensive signage--both adjacent to the project and in the surrounding neighbourhood high traffic areas is recommended. Canvas banners hanging from the third or fourth floor of an apartment building can be seen from a great distance. For many people "looking at new homes" is a sort of hobby--until they find a place so attractive that it turns them into buyers. Those who "just drop in" may end up becoming members. Visibility is thus important.

The marketing budget and plan should include special events designed to attract potential members, e.g. an afternoon tea held in conjunction with an open house.

Unit prices

The unit price (full share value) of co-op suites establishes the co-op's comparative position in the housing market (setting aside the unique benefits of special design and co-operative living). Columbia Housing has adhered to the practice of providing comfortable yet simple units devoid of expensive finishing. This has enabled Columbia to produce units less expensively than nearby private market projects. The greater the differential, the easier the marketing.

Individual unit values must come from a refinement of raw figures. Start with the break even cost per unit, i.e. total of hard and soft costs divided by the number of units, to determine a rough indication of the co-op's position in the local market. (The cost of a caretaker unit should be spread over the project).

Adjust the cost per unit to incorporate differences in floor space and amenities like a second bathroom. This permits a near head on comparison with the competition. If unit prices are lower than private sector units then the group is in an excellent marketing position.

A simple, straight forward price structure is desirable. The group wishes to focus on the general quality of the co-op units and the price, not the niggling difference between this or that unit. Premiums for especially desirable aspects of units can increase the complexity of marketing although in the private market premium prices may be asked for such things as corner and top floor units, extra yard/patio space, powder rooms/second baths, orientation towards sunlight. Factors that reduce the value of units include: dark/shady patios, nearness to elevators/laundry/high corridor traffic, noise, poor view, and odd or difficult interior shape.

The group should seek to set unit prices which will result in effective marketing. Nevertheless, it is possible to alter unit prices

during the marketing period. Some units may have to be offered at a reduced value, others may be increased if the demand is great. If the price of a particular type of unit is increased, the increase should apply only to un-selected units; if the price of a particular type of unit is decreased it should apply to both selected and un-selected units.

Making a decision to start

It is axiomatic that the deeper the data base the better the chance of making a wise decision. Realistically, however, no project proposal will have every item completely nailed down at the time when the decision to go ahead or withdraw is made. Risk is inherent in the process of development and can only be reduced, not eliminated.

In reviewing a project proposal the items that will need the closest scrutiny are those which are most unique to the seniors' model. Pinpointing a potential market and preparing an extended marketing program stand out in this regard. The latter is largely quantifiable, since it involves direct costs. The former markedly harder to assess in advance of actual implementation. For this reason it may be advisable to form a core group of members who are willing to explore the possibility of a project prior to the point when a decision to proceed or not is made. If this group can be gradually expanded it may provide the group with a greater sense of security.

III. Project Financing

Goals

Resident funded housing co-operatives rest on financial resources supplied by members. There are several possible approaches to resident funding, but the goals of each are:

1. Accumulation of sufficient funds from members to launch the project and sustain it as a viable community after occupancy;

2. Negotiation of satisfactory arrangements with a mortgage company and builder in order to obtain land and to construct the project;

3. Minimizing the financial risk to individual members of the co-operative;

4. Maximizing the flexibility of financial arrangements for the members in order to improve marketability.

Models

The basic model used by Columbia Housing in its development of seniors' co-operatives has been a modified turn key agreement with a developer/builder. Under the terms of the agreement a builder plans and builds the project according to terms and specifications laid down by the co-operative in consultation with the resource group. Interim financing is thus the responsibility of the builder/developer. At or near completion, share funds collected from the members are transferred out of a trust account and paid to the developer. The remaining funds are borrowed under a mortgage.

The obvious advantage of this method is thoroughly pragmatic: the developer has the financial base to carry through the project to completion and payout. If the developer is also the builder, there may be cost savings because the developer spreads his/her profits over both aspects (land and construction) of the development.

Other possibilities are certain to be explored in the near future. For example, sponsoring societies or institutions may be willing to donate, lease, or sell land at a reduced cost. Even if the land is eventually purchased outright by the group interest charges can be reduced by paying for the land at completion rather than at the beginning. This would reduce the entry level cost to prospective members.

As the need for more seniors' housing becomes critical governments may be willing to provide assistance to co-operative groups. In Manitoba, for example, the provincial government has provided non-profit societies with a 75 year Rental Start Mortgage. Over the term of the mortgage 10% of the project costs will be forgivable.

Some resource groups may be interested in exploring ways of developing co-operative models that could serve seniors whose levels of income and assets would not enable them to access conventional resident funded co-operatives. For example, it may be possible to offer some members of a co-operative a life tenancy arrangement which could significantly reduce housing costs, particularly for older seniors. This type of approach is described in Appendix I.

Resource groups in some regions of Canada, especially in smaller communities where land costs are relatively low, may be able to organize co-ops in which the members themselves provide interim financing. Such builders' co-ops hark back to our earliest forms of co-operative endeavour.

Another path deserving greater attention is the adaptation of the traditional co-operative model over the long term in ways that would protect the interest of the community in ensuring a full membership while at the same time adjusting the value of units to coincide more closely with market values.

Co-operatives for seniors should be adaptable to schemes involving a mixture of incomes, a mixture of tenures, in combination with commercial space, and drawing up one or more government assistance programs.

Shares

Shares purchased by members are the rock upon which the co-operative is developed. In government assisted family co-operatives the share requirements are usually low and the act of subscribing for shares is sometimes only a token commitment. In a resident funded project the subscription for shares is a pre-eminent decision of the member, the strategic hurdle in marketing, and the salient proof to developers, builders and mortgage companies that the project is viable. Purchasing shares is, in short, the crux.

Consideration may be given to individual preferences (or financial ability) in regard to the precise number of shares (and the timing of subscription) purchased, but the overall amount must provide the co-op at the appropriate time with sufficient financial leverage to meet the terms and conditions negotiated with others.

Risk

Prudence dictates that the resource group minimize the risk to individual members who are, after all, making a major financial decision when they join the co-operative. Succinctly stated, the resource group can arrange to delay the risk taken by members until the project is well on the way to completion, but it cannot eliminate all risk.

Share monies will be deposited in interest bearing trust accounts until the builder is paid out. During this transitional period the member can, with no penalty in most cases, withdraw his/her funds and leave the co-op. This practice helps assuage a member's anxiety until they fully understand the co-operative and are fully committed to the community. In some seniors' co-ops the group protects itself, however, from last minute withdrawals by setting a deadline beyond which a substantial sum of share money (e.g. $2000) is nonrefundable.

Once the trust account has been paid out the member can only obtain his/her funds by application to withdraw from the co-op (usually on sixty days notice). Share certificates may be redeemed according to the rules and policies of the co-operative. This may include a caveat that share redemption may be delayed until a vacant unit is filled. Usually this is not necessary. Indeed, one attraction to the co-op model is the relative simplicity of withdrawing and the

absence of real estate commissions in the process.

In developing a "share structure" the co-operative will establish a minimum amount (typically 20-30% of the value of the unit) which will ensure that the accumulated equity in the project will meet the terms of agreement with the builder and mortgage company (and ensure access to N.H.A. insurance if necessary). Members may, however, purchase shares up to a maximum which is the total value of the unit.

Some members will fully subscribe for shares in their unit because they have the resources to do so and because they wish to avoid paying a monthly housing charge to cover a share of the co-op's mortgage payment (see below). Those who select this option will often find tax advantages for doing so. Others will subscribe for the minimum number of shares either because they lack funds or do not mind paying a monthly charge.

Members who have not subscribed for shares equal to the full value of the unit must agree to make a monthly contribution towards the repayment of the mortgage debt of the co-op. The equity position of the residents who have not subscribed for the full value of units will gradually increase: a portion of each monthly housing charge is applied to the principal. Periodically the co-op must report these changes to the member.

Members hold shares in the form of a certificate which states the par value of each share, the number of shares held by the member, and the total value of the shares. The member applies for shares using a form that details important commitments and qualifications.

Timing

All shares need not be purchased at once. For a variety of reasons it is recommended that members phase in their share purchases. There are several possibilities but a typical pattern includes:

> Members pay an initial membership fee: a minimal amount to permit the applicant to become a member of the organization. This fee is non-returnable.
>
> Next members pay a minimum share amount (e.g. 20% of the value of their unit) at the start of construction. This share call represents a serious commitment, i.e. evidence of intent to occupy a unit. (Note: some may subscribe for a larger amount at this time, since they will generate substantial interest from the co-op's trust account). Members also make known their intentions in regard to further share subscriptions.

At the final share call members subscribe for the number of shares requested. This share call is timed to coincide with payment to the builder and the funds are, therefore, non-returnable except by the co-op withdrawal procedures. Shares now become equity in the co-op.

Further subscriptions

The final share call should not eliminate the opportunity for members to purchase more shares at a later date. Columbia Housing, for example, permits additional purchases up to the time when the mortgage amount is finally set. After that the following restrictions apply: (a.) subscription must be made on the mortgage anniversary date or as otherwise indicated in the mortgage; (b.) permission to increase share equity must be granted fairly so that all who wish can subscribe for some shares. Usually members may make purchases proportionate to the size of their unit; (c.) if the share redemption fund (see below) falls below a set amount, the members are invited to top up the fund with further subscriptions.

These guidelines have been sufficient in the past, but it is conceivable that requests by members might lead to a projected accumulation of share funds greater than the ability of the co-op to use for payment to the builder. That is to say, co-op members wish

to purchase more shares than projected in the original split between resident supplied funds and funds borrowed under the mortgage. Thus, the co-op finds itself with unexpended share capital. The co-op ought to devise policies regarding this situation.

In Columbia Housing's experience members tend to put in more equity than originally discussed both prior to completion and after move-in. The advantages of flexible mortgage instruments become apparent.

Redemption

As in all non-profit co-operatives shares are redeemed rather than sold on the market. Members apply to leave the co-operative and the co-op is responsible for finding a replacement. In strictly non-profit projects like those developed by Columbia Housing the leaving member redeems shares at par value (no increase in share value). Other co-operatives sometimes include an inflationary increase in value to the shares, thus paying out members more than originally invested and increasing the cost to the incoming member accordingly.

Co-ops and condominiums

At first some prospective members of a resident funded co-op may associate non-profit share holding with condominium ownership.

Condominium ownership stresses the individual owner and permits the owner to sell the unit at the highest obtainable price at re-sale. Consequently condominiums are often designed with re-sale in mind.

The co-operative model stresses the community and seeks to meet the specific needs of an older population with units designed for older residents while eliminating market frills. Co-operatives do not offer shareholders speculative profits. They do provide security of tenure and eliminate anxiety by members about the disposal of their units. Fluctuations in the real estate market do not affect the co-operative. Democratic control of member selection give the residents a strong sense of community which in turn allows the co-op to concentrate on becoming a supportive environment.

Several non-profit societies have experienced with loan stock housing in which members provide the building society with an interest free loan (or a loan with limited interest) in return for lifetime tenure. The basic difference between these developments and co-opertives is in the control of the organization. Co-ops are controlled by the resident members; non-profits are controlled by the board of a separate society which may or may not have places reserved for elected representatives from the resident population.

Agreements with the developer

The modified turn key approach to development begins by reaching an understanding with a developer. Either the resource group will solicit proposals from a developer as the basis for further negotiations or the developer will come forward with a potential site which will accommodate a resident funded project.

Once a potential site has been identified the resource group should begin negotiations leading to a Letter of Understanding signed by both parties. This agreement will form the basis of the final Agreement for Purchase and Sale. It is vitally important that the developer/builder truly understand what to expect in a resident funded project.

What the resource group/co-operative wants

The co-op and resource group have a common interest in constructing an appropriate mix of units with the desired features at a price that can be sucessfully marketed. The co-op will want to reach agreement with the builder on the selection of the architect, the monitoring of work, correction of deficiencies, quality of finishing, etc.

Groups are reminded that resident funded co-operatives do not have C.M.H.C. behind them. Resident funded projects are freed from many constraints, but must devise their own checks and controls to protect the interests of the members. Specifications should be

carefully examined, methods of checking and correcting faulty work agreed upon in advance.

The resource group also needs assurances that the project will proceed according to a timetable that dovetails with the marketing plan. There should be time prior to the start of construction to permit adjustments to design based on member input and there must be a display suite finished as soon as possible.

If the resource group is able to obtain from the developer payment of a portion of the development fees prior to the completion of the project, so much the better. (Typically in the form of a per unit fee as units are marketed). The developer may be willing to cover some "out of pocket" expenses, but the resource group should not expect full payment until completion and occupancy.

Note: the project should be designed and built in adherence to all N.H.A. requirements so that no barrier shall exist to N.H.A. insurance.

What the developer wants

The developer/builder will be familiar with marketing condominiums, but will need to understand the unique aspects of resident funding. Generally speaking the developer will expect the resource group to propose realistic but precise marketing goals. Developers tend to count "sales" rather than the amount of equity invested by

each newcomer.

Expect the developer to bargain for terms which will protect his/her interest should marketing go poorly. For example, filing a strata plan for the project. This is not to be encouraged, but may be necessary.

The original Letter of Understanding will, of course, be superceded by final documents: Agreement for Purchase and Sale, construction contract, etc.

Negotiating a Mortgage

A mortgage must be arranged for the funds not available through the members' share equity. Since the precise amount of share capital cannot be determined until the last unit is marketed, the resource group must make an informed guess on the amount required under the mortgage. Flexible mortgage terms are therefore a goal.

The resource group, on behalf of the co-operative, solicits bids from several credit unions or trust companies. Once again the nature of the project must be clearly and meticulously explained. Information should be complete: details of the land and buildings, real estate appraisals, capital and operating cost projections, description of the share system, desired amortization period, timing and payout method, deadline for tender submissions.

The familiar C.M.H.C. forms may be adapted to this use.

The co-operative should make projections of both a minimum equity position by the co-op (which would require N.H.A. insurance) and a more favourable situation in which sufficient equity is accumulated to save the cost of insurance.

The amount requested in the commitment letter should be as flexible as possible. Examples include mortgages with a six month unlimited prepayment option (which will permit late joiners to subscribe for as many shares as they wish), or a mortgage with a five year term and a 10% annual prepayment option with provisions for proportionally reduced monthly payments.

Equally beneficial is early identification of the amounts to be invested by each member. Share subscriptions may be phased (see above) but every effort should be made to pin down how much equity will be available to the co-operative.

The mortgage company will customarily request concrete assurances about marketing, e.g. "In order to advance the full loan amount, subject to builder lien holdbacks, the total value of the units sold and ready for occupancy as at the funding date must total a minimum value of $_____. The value of the units will be determined by the lesser of the purchase price or the appraised value."

The mortgage terms will enable the resource group to set the housing charges for those members who do not subscribe for the maximum number of shares. (Obviously the resource group will have made several preliminary projections based on probable mortgage interest rates.)

Members should understand how monthly charges will be affected by the terms of the mortgage (i.e. when the mortgage is renewed), and marketing information should break out monthly housing charges into principal and interest.

Refer to "Special Problems", below, for a discussion of unexpended capital funds, how to handle members who are selling family homes, etc.

Operating Costs

All members must pay a monthly fee to cover operating expenses. Preliminary budgets will be drawn up much as they are in any co-operative, recognizing that some items (e.g. enhanced management providing more services to members) may be more costly than those in comparable family oriented co-ops.

Co-operative operating fees differ from those charged in condominiums. It is not uncommon for condominiums to set unrealistically low fees for the first few years in order to more easily market

the project. Add to this the fact that the condominium owners are individually responsible for costs which are covered by the co-op's monthly fees. Resident funded projects must be clear and precise about anticipated operating costs and fees.

Items normally covered in both co-op and condominium fees include:

maintenance and caretaking

management

building insurance

replacement reserves

site lighting

community facility upkeep.

Items covered by co-op fees, but not by condo fees include:

property taxes

enhanced replacement reserves.

The monthly operating fees of a co-operative may be somewhat higher than the condominium down the street, but a careful explanation of the reasons will generally satisfy the potential member.

Operating fees are charged to the member on the basis of the unit size and the fee will be reviewed and approved by the residents during the annual budget approval process. The guarantee that residents will have a voice in budgeting is often appreciated by those who have lived in condos.

Special Problems

(1) Share redemption

In theory the shares redeemed by a leaving member are replaced by the incoming member. In practice the incoming member may wish to subscribe for a lesser number of shares. The co-op may prepare for this eventuality in several ways.

It is possible that the co-op will find itself at move-in with some unexpended capital funds. Perhaps the co-op came in a little under budget, or does not need N.H.A. insurance. More likely, the projected share equity was underestimated. Whatever the source, such funds can be placed in a Share Redemption Fund which is used from time to time to deal with the problem described above.

Alternatively, the co-op can start a Share Redemption Fund with non-refundable fees from the members.

(2) Equity in a family home

A great many members will use equity from a family home for their share purchase, but will not wish to complete the sale of their home until they can move into the co-op. This relatively common situation has two solutions:

a. The member pays the minimum share amount (often borrowing to do so), provides the co-op with proof that their

home is up for sale, provides a real estate appraisal, signs a promissory note with a dated deadline for payment of shares, and signs a letter instructing his/her lawyer to pay the co-op out of the proceeds of the sale of the house.

b. The member signs a non-interest bearing second mortgage with the co-operative which is paid out upon the sale of the home. Of course there will be legal or notary fees with this option.

Note that the member and the co-operative take on an additional risk. If the home does not sell, then the member loses the right to occupy a co-op unit and the promissory note or second mortgage is cancelled. The co-op faces the problem of a vacant unit. The co-op should, therefore, make a clearheaded judgement about the prospects of a member selling his/her home.

(3.) Extras, custom features

Many prospective members will wish to make personal adjustments to the co-op's plans and specifications. While some individual preferences can be accommodated (with builder acceptance) it is risky

and potentially expensive. One area for greater latitude is in finishing packages that include upgraded appliances, unit washers/dryers, light fixtures, etc.

Policies governing individual extras could include: (a.) prepayment in full; (b.) the extra must be from a co-op approved list; (c.) the value of the extra is either arbitrarily depreciated quickly or considered as a personal improvement which does not change the unit value at all; (d.) incoming members must sign a statement accepting the additions and its affects on the value of the unit.

(4.) Co-ops are not for everyone

The resource group will find when explaining the financial system of a resident funded co-op to prospective applicants that co-ops are not for everyone. For those who view their shelter primarily as an investment, the fundamental non-profit nature of co-operatives is an insurmountable obstacle. The acquisitive motivation is precluded by the nature of the co-operative.

Co-ops offer something else: affordable housing for present and future members; security of tenure; control over membership;

democratic decision making; recognition of special needs; long term financial viability; and, above all, a strong sense of community and the prospect of that community enhancing the quality of life of each member.

Similarly, resident funded seniors' co-operatives are not institutional care facilities. The co-operative can adapt to members' needs, but will never be a nursing care facility. Co- operatives recognize the value of aging in place, but recognize the limits to which this can be taken.

Columbia Housing has found that a large portion of the market both understands and appreciates the unique features of co-operatives. For example, those who have lived in a family home for many years are often looking for a more convenient shelter, not a new venture into the real estate market.

Reporting and Administrative Issues

(1.) Explaining member financial obligations

As can be seen the members' financial obligations are a combination of share subscription, monthly housing charges, and monthly

operating fees. Each member should understand what the actual monthly cost will be, and how that amount is determined. Prospective members will wish to compare the various choices open to them before making a final decision. A simplified table will be useful in assisting them. The table should include:

Type and size of unit
Full unit value
Amount of any non-refundable fee
Minimum share amount
Monthly housing charges based on share amount, breaking out principal and interest
Monthly operating fee
Estimated heating, cable charges, etc.

This table can be expanded to include information showing the effects of greater and lesser equity positions on monthly costs, a description of services provided by the monthly fee, etc.

Information material should remind applicants that renewal of the mortgage may affect monthly housing charges, and that the operating fee will be set according to the annual operating budget. Any other

penalties or charges should be noted.

(2.) Equity Trust Account

The resource group should help set up a trust account for each member's share equity until it is paid out. This account should include the following provisions: (a.) individual files for each member enabling them to readily obtain information on interest earned; (b.) the trust account should earn the highest interest rate possible; (c.) minimum effort and expense to withdraw an individual member's funds; (d.) arrangements to ensure that the trust account can be closed expediently and the funds invested in the co-op.

(3.) Disclosure Statement

A lawyer should prepare a formal Disclosure Statement which meets all provincial Real Estate Act provisions. This document includes the lawyer's investigations into easements and other restrictions on the title, a compendium of important documents (e.g. Agreement for Purchase and Sale, Resource Group contract, etc.). Members should go over this document prior to the final share call and take any necessary legal counsel. Members should also sign a statement acknowledging receipt of the document.

(4.) Financial Reports

All members should receive periodic reports on both the financial status of the co-operative and their own position in it.

(5.) Member Handbook

Member Handbooks outlining the organization, policies, committees, procedures of the co-operative, parking policies and assignments, and a membership list are a good move-in present. The duties of on-site management should be included.

IV. Marketing

General Considerations

Marketing, member enrollment, and member education greatly overlap in the development of resident funded seniors' co-operatives; in a sense they are simply different facets of a common process. Marketing is the effort to attract attention to the co-op and its benefits, exposing the prospective member's interests in joining, and culminating in enrollment. Member enrollment involves a gradually deepening commitment, the movement from a tentative interest marked by a small deposit towards full membership and participation in the co-op both financially and socially. Finally, member education is the gradual acquisition of an understanding of how the co-op works and how to participate in it. All three aspects of co-operative development proceed simultaneously from the first contact with the group.

It is the marketing aspect that will differ most from traditional co-operative organizing. Resident funded co-ops do not have a "captive market" of the poorly housed. Instead they seek to engage the interest of those whose needs are changing, a growing and an

important market, but not a captive one. A detailed marketing strategy or plan with specific membership targets is required.

Clearly identifying and understanding the market segment which the co-operative will serve is a key to marketing. This will enable the co-op to distinguish itself from condominiums and other forms of adult oriented housing. The selling points of a co-op will include specific co-op benefits and those features which will enable seniors to live comfortably and securely.

Marketing a resident funded co-op begins with the enrollment of the first members, long before the product (or even a display suite) is ready. Member education should begin at the same time.

Getting Attention

The objective of the first phase of marketing is to arouse curiosity about the co-op: to stimulate a flow of enquiries and develop sufficient interest to form a core group. Since word of mouth (members promoting their own co-op to others) will in the long run be the most effective marketing technique (as it is in most family oriented co-ops) the assembly of an initial group of committed volunteers takes priority.

The resource group should hit the ground running with presentable information sheets describing the co-op, with an emphasis on price, security and special features. If the site is available a sign should go up, notices and announcements should be made through the network of supporting organizations. This may be the appropriate time for a display ad in the local newspapers--one which deals with the concept, not the details of resident funded financing. Since the idea of a seniors' co-op is new, the proposal is also newsworthy. Work with the local press to get the idea across.

If possible track the source of enquiries; find out where the caller heard about the co-op. This will provide data for adjustments to the marketing plan.

Initial meetings should be well planned. Find an accessible location; serve tea and coffee; keep the meeting short. Bring the architect. Allow for questions. Identify those who might be willing to get involved immediately. Early volunteers should be thoroughly briefed and kept abreast of the development process.

Initiate the enrollment program by accepting small deposits as described above. Some resource groups use the date of these deposits for priorized placement on the unit selection list.

Expanding Enrollment

Once the working drawings are complete and construction begins, the resource group's ability to attract attention increases dramatically and it is possible to obtain firm commitments from potential members.

Tools

Printed materials should now be ready: site plans, unit drawings, colour boards for carpets and finishing, explanations of the financial obligations, etc. A site plan with markings showing which units have been selected encourages new applicants to sign up.

The site itself becomes a marketing tool. Signs, banners, the activity of construction, all lend credibility to the claim that a housing co-op is being formed.

Co-op members will begin to play a more important role in the development of the co-operative. They are now making more and

more decisions, taking a proprietory interest in the project, and telling their friends about it. Co-op members can assist by working with the resource group to orient newcomers and potential members. Members can assist in showing the site or display suite. And the activity of the co-op as a community can be as significant as a busy construction site in stimulating positive curiosity from potential members.

The display suite opening is always a milestone. Now, at last, people can see what their new co-op home might look like. Attractive furnishings (including both standard and upgraded appliances if more than one suite is available) turn bare rooms into cozy homes. If possible the resource group should. arrange for additional space to use as a small office; this permits a staff person to sit privately with a potential member and discuss enrollment requirements.

Events

A series of events organized by the resource group in conjunction with the co-operative will prove useful in stimulating marketing:

a. Colour scheme selection. Have the architect and/or a interior decorator prepare several colour schemes and present

them to the members for discussion. Narrow down the choice to three schemes. Those who have enrolled prior to the date when the material must be ordered will be able to choose the scheme for their unit. Others will have to choose from units with pre-scheduled schemes.

b. Unit selection can be an exciting and community building event. Encourage neighbours to get to know each other better.

c. Guided site tours may be arranged (preferably before unit selection). Help members understand how units are oriented towards the sun, parking, etc.

d. Display suite opening. Invite members (and others) to a special weekend event. This can be followed up with other open house events. Send invitations to those who have enquired about the project over the phone. Have members do a little baking, serve tea and cookies. Invite local politicians.

e. Educational programs for members. Invite guests to give brief talks on local community programs, activities, and services. Those who attend may decide to join the co-operative.

f. Grand Opening Event--with appropriate publicity--will help fill the remaining units.

There are undoubtedly other possibilities. Use your imagination.

Staffing

The marketing staff of the resource group must know the details of the project. Their job is to bring the information together and present it to the potential member in a way that helps the customer decide. A typical scenario might look like this:

Ads have been placed, the signs are up, the welcome mat is out. The visitor will read the sign, noting that this is a co-op with a planned completion date. It is an adult oriented, with suites of various sizes (and perhaps "values"). Open house hours are identified along with the resource group's phone number. Clear directional signs lead the visitor to the display suite.

A staff member greets the visitors, invites them into an attractively furnished suite, and offers them a cup of tea or coffee. The unit is

described and how a co-op is jointly owned by the members. The range of unit values is indicated along with the completion date.

In touring the suite point out the special features and common property. Explain how the resource group staff members are not real estate agents, but employed by the co-op to assist in member enrollment and development. Note that no commissions are paid.

Find out about the visitors without prying. Encourage them to look around, offer to escort them if they wish. Mention the availability of printed material. (Usually a short simple fact sheet with selected floor plans and an explanation of co-op financing.) More detailed information can be made available upon request. Remind them of the display suite hours, point out the phone number of the resource group.

Some visitors go away never to return. Others will re-appear--often with a friend or spouse. It is probably necessary to go over the basics once again, but also to answer a variety of questions about units and costs. This may be the moment to hand out more printed material and to explain how the co-operative is a community: policies, meetings, social events, etc.

The cycle of reinforcing what visitors have heard, adding a bit more, and responding to more and more detailed questions may continue for some time. As units are marketed, it will be evident from the chart that there are advantages to joining soon. The urgency to join, however, should be generated by the person's own increasing interest, not pressure from the staff.

When a visitor finally decides to take the plunge, meet in the office, go over the paperwork, explain all deadlines and procedures. Be sure to explain how a member can leave the co-op.

Hints

Columbia Housing's experience in marketing to seniors had led us to suggest the following:

Applicants prefer personal attention; marketing is a one-on-one affair. Applicants wish to discuss business in relative privacy, especially when going over legal documents, financial matters, and responsibilities. Thus, an office is a good idea.

Seniors are attentive to a resource group's reputation, the track record of the architect and builder, the co-op's board members, and

the co-op's supporting organizations. E.g.if the co-op is still just a muddy hole in the ground, send the applicant to look at a comparable project by the same builder.

Patience and politeness remain watchwords. Seniors have time on their hands, they can afford the luxury of making decisions cautiously. In our busy world they often seem to be pushed around, shunted aside. The co-op can and should be an oasis condusive to careful decision making. High pressure selling is counter productive.

Seniors appreciate well conceived special features and a certain amount of choice. The efforts taken to design a functional living space will be rewarded--even though the size and value of the units are basic.

Many prospective members have definite dislikes: driving at night, small print, long meetings, lack of bathroom facilities, confusing charts and blueprints, lack of protection from the weather, difficult parking situations, poorly lit corridors, etc.

No matter how attractive the co-op the resource group should expect to deal with "comparison shopping." The retired spend more

time examining choices. It is the resource group's moral responsibility to help people obtain the shelter that best meets their needs. Comparison shopping should be encouraged. We have seen cases where a couple who decided to buy elsewhere, nevertheless directed friends to look into the co-op.

Keep in mind that seniors do not make snap decisions, nor tip their hand easily. A couple may visit the co-op five or six times before finally deciding to apply. Older couples, for example, often have a long established pattern of decision making; one spouse may seem enthusiastic and interested, the other cool and even a bit hostile. They will go away, probably compare notes, and then return and eventually join.

Seniors rely on trusted friends or family members to help them decide. A tip off to serious interest is the appearance of children and grandchildren to look at the display suite. We do not recommend pushing for this. On the other hand, the resource group should encourage the applicant to seek the advice of others, often a lawyer or even a trusted real estate agent.

Housing co-operatives generate a lot of paper. Each co-op member will take home a big stack. Key documents should be carefully reviewed (individually or in a group setting) to maximize the degree of general understanding. A knowledgeable membership is protection for the co-op and the resource group. Inevitably members will talk to friends about the co-op and this should lead to additional members. The more accurate the original information, the less difficulty for the staff.

What to do if marketing is slow

Keep close tabs on the progress of marketing and be prepared to respond quickly if the anticipated results are not forthcoming.

Try to pinpoint the source of the problem. Not enough enquiries or visitors to the display suite? Not enough 'sign ups' from the flow of visitors? Only the premium units being taken? In other words try to determine whether you have a marketing problem, a selling problem, or a problem related to the specifications of the project?

Where did the current members come from? Are there more potential members from the same sources? Have current members suggest names to be contacted by mail with an invitation to a special

event. Are there similar pools of potential members not yet tapped? Go back to the demographic data and see if you can find overlooked sources.

Review advertising. Are the ads stale? Are there other places to advertise? Consider mail drops, radio ads, billboards, etc. Is it time for another article by the press?

Change the value of the units to increase that of the premium units, decrease the value of the less attractive ones. (As mentioned above, if unit values are decreased the original members should benefit. If unit values are increased, only newcomers should be affected.)

Long term marketing

Columbia Housing keeps the names of those who failed to join a co-op (often because of the location of the project or the unavailability of a particular size unit) and sends them announcements of the next co-op to be developed. The core group of successive co-ops is thus composed of the overflow from earlier ones. We have even discovered that some who originally rejected co-op living have, upon

further consideration, changed their minds.

As a rule successive co-ops should be in the general area of a predeccessor--in other words enabling the resource group to take better advantage of the reputation of successfully completed communities.

V. Community Development

Co-operative communities, seniors' or otherwise, share many similarities. The sense of community, the need for participation, the intricacies of democratic decision making, the joys and headaches are the same. However, in the resident funded seniors' co-op there are some distinctive characteristics.

Characteristics of seniors

(1.) More volunteerism. Today's active seniors are frequently active volunteers. The co-operative provides an excellent locus for voluntary action. A well run seniors' co-op should have no difficulty filling spots on the board of directors and committees, and should find support for a variety of recreational and community activities.

(2.) More skills to share. The retired bring with them a great many skills and talents which will be of value to the community.

(3.) Seniors exhibit a genuine willingness to help others so long as this is encouraged, not forced. This helpfulness can be of benefit in providing assistance to members with special needs. At the same time many co-ops have recognized that limits to the assistance to the frail do exist. Co-ops are not extended care facilities. If a member is no longer capable of taking care of him/herself, then the family is contacted.

If the co-operative has a co-ordinator on staff, someone who is in touch with services and alternatives in the community, then the pressure on neighbours will be reduced.

(4.) The co-op becomes a focus of attention. Most members will spend a great deal of time in and around their homes. This, of course, makes possible a rich community life. It also opens up opportunities to bring in community services for delivery on site.

(5.) It follows that pride of place is important to members. They will want to maintain an attractive community which is efficiently managed. This suggests a wide range of possibilities for activities centred around the common areas (e.g. one co-op has a small well cared for putting green, another especially attractive flowerbeds).

Projects focusing on the decoration of the community room will be popular. And, finally, the business of the community--board meetings, financial reports--will be widely discussed and carefully monitored.

(6.) Recreational activities will be relatively more important in a community of the retired. Members can cluster around shared interests like bridge, painting classes, exercise, etc. Keep in mind that many older couples like to find activities which each spouse can do separately--getting the husband out of the house and into the co-op's workshop so that the wife can have some time and space to herself.

(7.) Safety and security count. Many members will be highly sensitive to security issues, especially those who are living alone for the first time. Whenever possible the co-op should build in an array of security features (alarms, gates, good lighting). "Neighbourhood watch" programs sponsored by local law enforcement officials will be popular. A variety of informal safety and security arrangements are to be expected: "friendly neighbours" who check in on a friend, car pools, watching a neighbour's unit while they are vacationing, etc. Fire drills and group tours of apartment buildings should be considered for new occupants.

(8.) Self-consciousness as a seniors' community. Several older seniors co-operatives have adopted policies designed to renew the age structure by giving priority to younger applicants.

Dangers

At the same time there are some dangers in seniors' co-operatives:

(1.) A risk of becoming rule-ridden, over-governed. The tendency to want to keep everything neat and orderly sometimes results in the co-operative becoming overly restrictive.

(2.) Dominance by a small percentage of members. This can (and does) happen in any kind of co-op, and the resource group should do what it can to discourage it by encouraging democratic behaviour and widespread participation. The sense of control, of "having a piece of the action", is very important to a senior's sense of well-being.

(3.) While older people tend to be more tolerant and less inclined to display stress, they also have more strongly developed personalities. The obtuse and hard-headed in a seniors' co-op can be very obtuse,

very hard-headed.

Many of the positive aspects of seniors' co-operatives can be tapped early in the development process. Social activities designed to help acquaint future neighbours with one another can start almost immediately. And these activities provide potential applicants with a glimpse of co-op life.

Management

The staff of a housing co-operative may be crucial to its success as a community. Caretakers and other staff must be able to work well with a wide variety of people, to handle complex situations, and to operate efficiently in a democratic structure. Those who can understand the needs of the frail, and steer clear of the dangers mentioned above, make a powerful contribution to the health of the community as a whole.

It has been suggested that any long term staffing plan consider the inclusion of a person who will act as a link between the co-op and services in the wider community. In an era when both the needs of

seniors and the services available are likely to expand, all housing co-operatives should be full participants. Being able to direct members to available services and useful agencies will be a contribution to the group.

Resource groups across Canada approach the post-occupancy relationship with a co-op differently. Columbia Housing's experience is that resident funded seniors' co-ops strive for self- reliance and reach a point where the board of directors makes only occasional requests of Columbia Housing, mostly for expert opinions on relatively technical matters. The degree of self confidence is high, after all most of the members have spent a lifetime doing the world's work, and they are genuinely eager to run their own show.

VI. Summary and Conclusions

The traditional role of the resource group has been to co-ordinate hard development and to facilitate the formation of a small, vibrant, self-reliant community. These roles remain when working with seniors. The primary changes in emphasis, as discussed above, are in taking extra care to protect the assets of the members and reducing risks to the sums invested in shares. Secondly, the design of the co-op must fit the changing needs of a different membership. And third, the process of filling units requires new tools and greater attention.

The sense of community which is at the core of all co-ops distinguishes it from other forms of tenure and the institutional settings currently established for seniors. An attractive resident funded seniors' co-op becomes a worthwhile asset in the surrounding community and opens up a stream of possibilities for further projects.

In the long run, time is on the side of both the co-op model and the seniors' market. As mentioned at the beginning, greater attention is being paid to the emergence of seniors as a significant population

block. The first resident funded co-ops have concentrated on providing secure, affordable housing to the relatively well off and generally active senior. In the future the range of possibilities should expand to include both a wider socio-economic spread and housing for seniors with more difficult shelter needs.

It is perhaps worth noting that the image of "seniors" is changing as the reality changes. In the future, perhaps, a much larger proportion of older women will have had experience in the workforce. The value of tomorrow's seniors will be those of today's middle aged. The general level of education among seniors will rise. And it is to be expected that tomorrow's seniors will live longer and be more active.

Resident funded seniors' co-operatives are still in their infancy; the future will bring many innovations and variations of what is described in this guide. Hopefully this manual will enable resource groups to enter into the field and avoid some mistakes, thus giving the group a chance to explore new paths to the provision of secure, enriched, appropriately designed and located co-operative housing for a broad section of the Canadian community.

APPENDIX I ALTERNATIVE APPROACHES

To gain access to dwellings in conventional resident funded co-operatives seniors must have a sufficient combination of income and assets to enable them to fully purchase the dwelling. For many seniors this may not be possible, even though their incmes are too high to enable them to qualify for subsidized housing assistance. Some seniors may wish to use the greater portion of their income and assets to enhance their lifestyles, rather than leaving larger estates.

By providing a variety of options, within the concept of resident funded co-operatives, it should be possible to meet the needs of seniors with a wider range of financial resources and preferences. These options could be based on a life tenancy approach similar to that described in the C.M.H.C. publication, Housing for Older Canadians: New Financial and Tenure Options.

Adapting the life tenancy approach to the co-operative concept would see members purchasing their right to occupy dwellings for the rest of their lives. The cost would be based on the value of the dwelling and the life expectancy of the purchaser(s). Therefore, older people would pay less than younger people, men would pay less than women of the same age, and single people would pay less than couples.

Under the least expensive arrangement, on the death of the member, no portion of the purchase price would be returned to the estate. This would enable the purchase price to be as low as 46% of the value of the dwelling for a 70 year old man and 54% for a 70 year old woman.

For those members who would prefer to see some portion of their payment revert to their estate, particularly in the event of their early death, the agreement and purchase price could be adjusted to reflect their preferences. It would also be important to ensure that some provision is made in the agreement to compensate members who must move due to deterioration in their health.

For the following reasons, resident funded co-operatives may be well placed to offer some life tenancy options:

> Co-operatives want to control the occupancy and marketing of their dwellings and, therefore, have an interest in having full ownership of the dwelling revert to the co-operative on the death of a member;

The co-operative approach would encourage members to spend the rest of their lives living in the project;

The high levels of equity in most resident funded co-ops would permit the co-op to finance their investments in the reversionary interests associated with dwellings marketed on a life tenancy basis.

Co-operatives may find that the best approach will be to offer a limited number of life tenancy units in a development. This would make it easier to finance the project and there would be a potential to market to a wider group of seniors and to add additional units to life tenancy as equity in the co-op increases.

Blending the co-operative and life tenancy approaches could significantly extend the market for resident funded seniors' co-operatives. In particular, they could become accessible to seniors whose assets will not cover the full cost of the dwelling, but would cover the cost of a life tenancy. Many of the seniors can ill afford to spend part of their modest incomes on mortgage payments. Also, their needs may increasingly fall between those served by subsidized housing and those served by the private sector.

APPENDIX II MARKETING BROCHURES

Marketing a resident funded co-operative will require a variety of brochures and information packages. This material will be used at meetings, mailed to out-of-town applicants, used as handouts in the display suite, and given to potential members who are weighing the pros and cons of joining.

In designing printed materials (with or without professional help) ensure that the material is visually attractive and easy to read, uses simple, easily understood prose, answers the most likely questions, and is inexpensive to produce.

Typical marketing material will include:

Introductory pamphlets

The following subjects should be included. Location and description of the proposed project:

> **Ardmore Housing Co-operative in...is a fifty unit garden apartment complex opening in April....**

Description of tenure:

> **Ardmore is a co-op, owned by members who have purchased shares starting at $....**

Description of shares:

> **Shares guarantee you a place for as long as you like. Shares are refundable....**

Features:

> **Each unit is designed for the active senior, 55 or older, who will appreciate touches like lever door handles....**

Unit sizes:

> **Ardmore has one, two, and three bedroom suites, some with a second bath. Unit sizes range from 850 sq.ft. to....**

Neighbourhood:

The project is a five minute walk from the new shopping centre....

Description of the resource group, address, phone number:

Ardmore is developed by..., a non-profit building society....

Question and Answer Sheets

A Question and answer sheet is a quick way to provide information in an essentially conversational format. Typical questions include:

What is a co-operative?
What is the non-refundable deposit?
How large is the equity investment?
How much is the minimum investment? Can I contribute more?
Is my equity refundable?
How much rent will I have to pay?
How is rent set?
Who will be allowed to live in the co-o?
Will I be allowed to sublet?
Do I sell my suite?
What about children? Pets? Visitors?
Who manages the co-op?
What safety and security measures have been taken?
How much parking?
Who owns the co-op? Who governs the co-op?
How can I find out more?

Financial Information Packages

There are several presentation options, but a common purpose: to provide a basic understanding of the various financial obligations and options open to applicants. Since the details of this package may change slightly over the course of development, inexpensive reproduction is recommended.

The package allows applicants to compare the differing requirements for each size and type of unit. It allows them to examine the effects of a large or small equity investment on the monthly housing charge. And it provides a way of showing the relationship between equity,

mortgage, and housing charges. Frequently a table form is used:

"Basic Scheme" 2 bed/den		
Full value	$75,000	
Minimum share		$15,000
Monthly rent		$600 (P&I)
Monthly fee	$150	

Total monthly charges: $600 + $150 = $750

"Two Thirds Scheme" 2 bed/den		
Full value	$75,000	
2/3 share		$50,000
Monthly rent		$400 (P&I)
Monthly fee	$150	

Total monthly charges: $400 + $150 = $550

"Full Share Scheme" 2 bed/den		
Full value	$75,000	
Full shares	$75,000	
Monthly rent		0
Monthly fee	$150	

Total monthly charges: $150

Comments:
1. This table may be laid out vertically (as above) or horizontally for easier cross referencing;
2. The P & I can be broken out based on projected mortgage terms;
3. If a table form is used, several sizes/types of units can be conveniently displayed on one sheet;
4. Additional text can point out any no-refundable amounts and the services provided in the monthly fee.

Newsletter Promotional Material

The newsletter format is effective. It allows the group to show off the physical aspects of the project and the human side of the co-operative community. News articles chart the course of construction, highlight progress, and add an incentive to join. Possible articles might include: profiles of members, the resource group, contractor; reports on member enrollment; description of local services; discussion of unit finishing; decorating hints; testimonials from supporters; reports and

announcements of special events; material derived from the Q and A sheets; discussion of rules and policies.

Site Plans and Unit Drawings

Good quality site plans and floor plans are necessary. Make them legible to a lay person. Unit drawings should be relatively simple (those who are curious about construction details should be referred to the construction plans). Walls should be marked in heavy lines, door swings shown, appliances indicated, and windows identified. Room dimensions are a must. A sub-drawing at the corner of the unit plan can identify the particular type of unit, its value, and its location in the project.

Miscellaneous

Other potentially useful material:

1. Diagrams showing the amount of insulation (answers a common question).
2. Cut sheets on appliances and optional extras;
3. Carpet and paint samples;
4. Business cards for marketing staff;
5. Instruction sheets for those making arrangements to transfer equity from a home to the co-op.